

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 IGA-02

SS-15 L-03 NSC-05 STR-04 EUR-12 /095 W

-----023060 011443Z /41

R 011022Z JUL 77

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4441

C O N F I D E N T I A L BEIRUT 3126

DEPT ALSO PASS AID AND EXIMBANK

E.O. 11652: GDS

TAGS: ECON ECRE EFIN OTRA LE

SUBJ: EXIMBANK VISITORS MEET AGAIN WITH MOHAMMED ATALLAH

REF: BEIRUT 3064

1. ON JUNE 29 VISITING EXIMBANK OFFICIALS MORAN, HAMMOND AND DONEGAN MET AGAIN WITH MOHAMMED ATALLAH, CHAIRMAN OF COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (CDR). MORAN REPEATED THAT EXIMBANK TEAM WAS HERE TO EXPLORE POSSIBILITIES AND COULD MAKE NO COMMITMENTS AT THIS TIME. DONEGAN THEN EXPLAINED OPERATIONS OF COOPERATIVE FINANCING FACILITY (CFF) AND OUTLINED OTHER PROGRAMS OF EXIMBANK.

2. ATALLAH SAID HE FULLY UNDERSTOOD THE TEAM COULD MAKE NO COMMITMENTTS AT THIS TIME. HE AFFIRMED, HOWEVER, THAT CDR WOULD BE WILLING TO RECOMMEND THAT GOVERNMENT GUARANTEE ANY EXIMBANK CREDITS OF FACILITIES WHICH MIGHT BE EXTENDED. IN RETURN, HOWEVER, CDR WOULD ASK FOR RIGHT TO SCREEN APPLICATIONS FOR CFF LINES FROM LEBANESE BANKS AND ESTABLISH GENERAL GUIDELINES FOR USE OF FACILITIES. IN THIS WAY, ATALLAH SAID, CDR COULD CHANNEL CREDITS TO MOST NEEDED SECTORS
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OF ECONOMY AND INSURE THAT THEY WERE DISTRIBUTED EQUITABLY (I.E., TO ALL CONFESSIONAL GROUPS). ATALLAH BELIEVED THAT ANY CFF'S SHOULD BE GRANTED COMMERCIAL BANKS RATHER THAN DEVELOPMENT BANK OR OTHER GOVERNMENT FINANCIAL INSTITUTIONS.

3. ATALLAH REPEATED THAT REPAIR OF MAIN DOWNTOWN HOTELS

WAS HIGH PRIORITY AND WOULD COST \$25-30 MILLION. IF CFF'S WERE EXTENDED, HE WOULD SUGGEST THAT BANKS APPROACH HOTELS TO SEE IF THEY WERE INTERESTED IN LOANS UNDER CFF LINES.

4. ATALLAH SAID THAT SECURITY SITUATION WAS NOT "OVERRIDING" REASON WHY BUSINESS ACTIVITY HAD NOT RESUMED. REAL REASON WAS THAT BUSINESSMEN WERE JOCKEYING IN EFFORT TO SEE JUST HOW MUCH THEY COULD GET OUT OF GOVERNMENT. MORAN SAID THAT GOVERNMENT SHOULD THEREFORE MAKE VERY CLEAR THAT IT WOULD PROVIDE NO HANDOUTS. ATALLAH REPLIED THAT PRESIDENT, PRIME MINISTER, AND OTHERS HAD DONE SO ON NUMEROUS OCCASIONS.

5. FINALLY, ATALLAH NOTED THAT NAME OF HIS ORGANIZATION IN ENGLISH SHOULD BE COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION. HE SAID THAT HE HAD CHOSEN THIS NAME BECAUSE IT HAD SAME INITIALS AS IN FRENCH, CONSEIL DU DEVELOPPEMENT ET DE LA RECONSTRUCTION. PARKER

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Sent Date: 01-Jul-1977 12:00:00 am
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Disposition Approved on Date:
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